GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1182
ANSWERED ON:21.08.2007
VIABILITY OF SPECIAL ECONOMIC ZONES
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether International Monetary Fund, Asian Development Bank and World Trade Organisation have questioned the viability of Special Economic Zones in India as reported in Business Standard on May 25, 207;

(b) if so, the details thereof; and

(c) the steps taken/proposed to be taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH)

(a)to(c) No such formal communication has been received by this Department from the International Monetary Fund and Asian Development Bank . However, comments made by these organisations on tax incentives given to the Special Economic Zones (SEZs) have come to notice through media reports.The World Trade Organisation in the recently concluded Trade Policy Review Meeting of India had observed that the cost effectiveness of the SEZ scheme in generating incremental investment and employment is open to question. However, in this context, it is noteworthy that in the 18 months since the Special Economic Zones (SEZ) Act and Rules were notified on 10th February 2006, investments of the order of over 45000 Crores have already been made and another 100000 Crores investment is underway. So far, over 40153 people have got direct employment and this is expected to rise to 100,000 by the end of this calendar year and to 4 million by the end of 2010 if all the 366 formally approved SEZs become